

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORKING PARTY 9 ON THE EUROPEAN COAL AND STEEL COMMUNITY

Report to the CONTRACTING PARTIES

I. INTRODUCTION

1. In accordance with its terms of reference,¹ the Working Party has examined the first annual report (L/120) of the member States of the European Coal and Steel Community. This examination has taken the form of a free and frank exchange of views between the representatives of the member States and the Observer of the High Authority on the one hand, and the other members of the Working Party on the other hand. The discussion based itself on the annual report (L/120), on the additional information requested by and submitted to the Working Party and which is summarized in the Annex, and on information contained in the Note by the Executive Secretary (L/143).
2. This exchange of views which enabled the members of the Working Party to discuss with the representatives of the member States and the Observer of the High Authority the various aspects of the commercial policy of the Community which affect the commercial interests of all contracting parties was greatly facilitated by the readiness with which both the representatives of the member States and the Observer of the High Authority responded to the requests for information and clarification which were submitted to them by members of the Working Party.
3. The representatives of the Community explained that, in adopting this attitude they were anxious to set an example, and they stated also that it was their hope that the advantages derived from the procedure of the Working Party would encourage other governments to provide similar information, which would be necessary for an objective appraisal of the objects or effects of measures taken by the Community against the broader background of world trading conditions.
4. The Working Party submits to the CONTRACTING PARTIES the results of its examination; Part II contains comments relating to the measures taken by the member States with respect to the waiver embodied in the Decision of 10 November 1952; Part III, comments pertaining to other aspects of the commercial policy of the Community, insofar as they relate to the undertakings set out in the preamble to that Decision; Part IV, observations of an administrative character, and Part V the conclusions of the Working Party as well as recommendations submitted to the CONTRACTING PARTIES.

¹ W.8.1/Add.9.

II. MEASURES TAKEN PURSUANT TO THE DECISION OF 10 NOVEMBER 1952

5. In accordance with paragraph 10 of the Decision of the CONTRACTING PARTIES, the waiver agreed upon at the Seventh Session became applicable to coal, iron ore and scrap on 10 February 1952 and to steel products on 1 May 1953, i.e. dates on which the common market was established for those products. The only products for which no common market has been set up so far are certain special steel products included in item 73.15 of the Brussels nomenclature and which are specified in Appendix VII of the first annual report. For some of these products, it is expected that a common market will be established on 1 May 1954; for the others, the common market may be established within a time limit of three years as from 1 May 1953.
6. In accordance with paragraph 1 of the Decision, all customs duties and other charges were eliminated as regards trade among the member States in the products concerned, as soon as the common market was established, except as regards duties applicable to imports of coke and steel products into Italy. In accordance with paragraph 3 of the Decision, all import and export prohibitions and restrictions have been removed as regards the trade among member States in the products concerned, as soon as the common market was established.
7. As a result of these measures, there exists a complete free trade in the Community as regards those coal and steel products which originate in the member States, with the exception of the tariffs still maintained by Italy, and the coal and steel products imported by one member State of the Community from a third country enjoy, after importation, the same treatment in the Community as those originating in that State. However, products imported within the limits of tariff quotas established in the Benelux countries and Germany are excluded from these free trade arrangements. The movement of the products enjoying such treatment is covered by a "certificat de libre pratique", a formality dispensed with when the tariff provides duty-free treatment for those goods when imported from third countries.
8. As regards Italy, the Decision provided that its tariffs on coke and steel would be reduced by stages. At the present time, the tariffs on coke have not been modified; the tariffs on steel have been reduced by about 10 per cent and are expected to remain at that level until 1 May 1955.
9. The Benelux Governments have established the tariff quotas referred to in paragraph 4 of the Decision of the CONTRACTING PARTIES. The Working Party noted that the duties for imports outside the quotas were within the limits fixed last year, that the quotas were determined on the basis of the highest imports in the years 1951/52, that arrangements are made for increasing these quotas to take account of the requirements of the domestic market, and that such an increase had already been introduced in the case of steel sheets.
10. The member States have also had recourse to the provisions of paragraph 6 of the Decision in order to maintain a temporary restriction on exports of scrap. In the application of that measure, the European territories of the member States are considered as if they constituted the territories of a single contracting party.

11. No action has been taken so far under the provisions of paragraphs 2 and 5 of the Decision.

12. The Working Party has taken note of the measures taken by the member States under the Decision and came to the conclusion that actions taken to date are consistent with the terms of the Waiver.

III. OTHER MEASURES TAKEN BY THE COMMUNITY IN THE FIELD OF COMMERCIAL POLICY

13. As indicated in the Introduction, the Working Party has had the opportunity of discussing other aspects of the commercial policy of the Community and, in particular, the measures adopted regarding the export of scrap, the policy followed regarding the harmonization of tariffs and other trade regulations as well as the extent to which the Community discharged its obligation to ensure that equitable prices were charged by its producers in third markets.

14. As regards the restrictions imposed on the exports of scrap to third countries, the Working Party noted that the action was taken as a result of the supply situation in the Community as well as on other markets, that those measures were maintained or introduced by the member States after an exchange of views with the High Authority, that the High Authority has recently expressed the view that those restrictions could be relaxed for certain types of scrap, and finally that no element of discrimination was introduced as between different countries of destination. The Working Party, while recognizing the highly speculative character of the scrap market and the need for caution, expresses the hope that the High Authority might see its way to keep contracting parties concerned as fully informed as possible of the measures taken or contemplated with respect to the equitable distribution of products in short supply.

15. As regards trade controls other than tariffs applicable to coal and steel products from third countries, the Working Party came to the conclusion that the establishment of a common market for those products has not led to any significant change in the import system maintained by the member States for these products. No member State, with the exception of France, imposes restrictions on imports of those products from the OEEC (or EPU) countries; as regards imports from other contracting parties, the degree of restriction depends on the system applicable to imports in general.

16. As regards tariffs, the establishment of a common market has introduced no substantial changes in the case of coal products; the duty-free treatment which was in force was maintained, but Italy put into effect the full legal tariff of 15 per cent on coke. As regards steel products, the introduction of a common market resulted in the re-establishment of duties previously suspended in two member States. However, for a few steel products duties have not been re-established at the legal rate and the duty on coils has been provisionally suspended, except in Italy. On the other hand, the French and German Governments have adjusted their tariffs on the basis of the next lowest tariff in the Community, and the German Government has also temporarily reduced its duties on steel within the limits of a global tariff quota established on a non-discriminatory basis.

17. These measures, and in particular the reduced German duties for a monthly quota of 120,000 tons, are of a provisional character, and the representatives of the member States stressed that these provisional adjustments did not constitute the harmonization contemplated in the preamble to the Decision of November last, as well as in Section 15 of the Convention containing the transitional provisions.

18. It was felt that the provisional character of these measures limited the benefits which trade could derive from those reductions, however useful they may be, and some members of the Working Party expressed the regret that the Italian Government did not contemplate any reduction of its duties on imports from third countries before 1 May 1955, and stressed that his Government was alarmed at the commitment accepted by the Italian Government in July 1953 to take necessary measures to facilitate the marketing of steel from member States if the producers of those States suffered from the competition from third countries. In this connection, the Working Party welcomed the assurance given by the Observer of the High Authority that if such measures had to be taken, they would be strictly consistent with the Decision of the CONTRACTING PARTIES.

19. The Working Party heard statements delivered by the Austrian and Swedish representatives regarding the importance their Governments attached to the initiation, at an early date, of negotiations with the member States. The Swedish representative pointed out that it would be highly desirable that any such negotiations should be completed well in advance of 1 May 1954, so as to avoid unnecessary uncertainty for exporters and importers regarding the duties applicable by member States on special steels after a common market has been established for those products. He also stressed that the Community should pay due regard to the problem of suspended duties, and should base its comparisons of incidence on the present de facto situation rather than on the legal tariffs. He expressed the hope that it would be possible, by special technical arrangements, to enable member States who so desire, to keep duties at a lower level than would otherwise be possible. The representatives of the member States indicated that they could not share the views of the Swedish representative regarding suspended duties, since in their view the starting point has always been the legal tariff and not the suspended duties.

20. The Austrian representative reminded the Working Party of the acute difficulties which the establishment of the Community created to the steel industry of his country which depended to a large extent on the markets of the Community, both for its supplies and its export markets and which would not be in a position to find alternative markets for its steel and in particular its high quality steel, if it were cut off from its traditional markets in the Community. He expressed the hope that the member States and the High Authority would pay due regard to the unique situation of his country and consider favourably special arrangements to meet that situation.

21. The Working Party considered that it was desirable to examine without delay the problems raised by the representatives of those countries and, in particular, by the Austrian representative, but considered that the best method of arriving at a satisfactory solution would be to start the negotiations contemplated in Section 14 of the Convention. It noted with satisfaction that the Community was determined to initiate those negotiations as soon as possible and that it expected substantial results to be achieved by 1 May 1954.

Although the representatives of the member States and the Observer of the High Authority were not in a position to give definite assurances regarding the precise scope and the time-table of those negotiations so long as the competent authorities of the Community had not completed their consideration of these points, the Working Party was of the opinion that the statements of these representatives should encourage the governments who are anxious to enter rapidly into negotiations to discuss with the High Authority practical arrangements for holding such negotiations.

22. Members of the Working Party enquired whether duties which might be reduced as a result of the negotiations would be bound against increase, and, in particular, whether such bindings would be governed by the provisions of the General Agreement. The representatives of the member States pointed out these questions would form one of the objects of the negotiations contemplated. It was pointed out, in this connection, that even though individual duties were to remain unbound, the member States would remain committed to the principle that those duties should be fixed on a basis lower than the general incidence of the duties applicable before the establishment of the Coal and Steel Community.

23. The Working Party devoted some time to the questions of export prices and cartel arrangements to the extent that these are relevant to the undertakings set forth in the preamble to the Decision of 10 November 1952. It noted that the producers of the Community applied different prices in different export markets, and that they had concluded cartel arrangements regarding export prices.

24. With respect to differential prices, the Working Party noted that the adoption of that policy led to some increase in the actual prices charged in certain markets, at a time when the general trend of the export prices of Community products was downwards. The Observer of the High Authority indicated that the existence of differential prices could be fully consistent with the requirements of free competition and that the data submitted showed that export prices charged by the exporters of the Community were equitable. He added that the equitable nature of export prices for which the Community is responsible under the preamble of the Decision was not necessarily related to the existence of a producers' agreement. The Working Party was not in a position to analyse the conditions in which prices were formed on the international markets for steel, or to compare the price policy followed by the exports of the Community with that of other exporters; it cannot therefore express any considered views as to whether the policy of differential prices was adopted by the exports of the Community to meet the conditions of markets operating under free competition or whether the concerted action of those exporters was responsible for the introduction of those practices in those markets.

25. On the other hand, the existence of producers' arrangements was not denied. Even if such arrangements have not been responsible, as some members of the Working Party indicated, for those price rigidities, it was recognized by all members that the recent strengthening of those arrangements would justify prompt action by the organs of the Community. The Working Party welcomed the

assurance given by the High Authority that it was actively considering this question and that it would not hesitate to take remedial measures should it appear that those arrangements run counter to the objectives of the Treaty.

26. Some members stressed that, in their view, the undertaking which the Community had assumed last year to ensure that equitable charges are charged by its producers on the markets outside the Community implied that:

- (a) the Community should not fix export prices which would be inequitable;
- (b) the High Authority was under an obligation to intervene if producers were charging inequitable export prices; and
- (c) that such an obligation became even more imperative if it came to the notice of the High Authority that producers were making agreements in restraint of trade and were using that device for charging inequitable export prices.

27. The Working Party understands that those views are shared by the responsible authorities of the Community, and, in particular, that the High Authority deems that it has the duty of seeing that the effects of such producers' arrangements are consistent, not only with the objectives of the Treaty, but also with the obligations undertaken by the Community vis-à-vis the CONTRACTING PARTIES. It expresses the hope that, in view of the importance of that problem, the High Authority will consider how best it can keep other contracting parties informed of the measures which it may take regarding the equitable nature of export prices charged by its producers. The Working Party believes that such a practical approach would go a long way to allay the fears of importing countries, and to give them the feeling that the Community is determined to use fully its influence to safeguard the legitimate interests of third countries.

IV. OTHER QUESTIONS

28. The Working Party considered what practical suggestions it could make to the CONTRACTING PARTIES to facilitate the examination of the second annual report of the member States. While recognizing that the CONTRACTING PARTIES should not limit in any way the freedom of the member States to submit their report in the form which appeared to them most appropriate, the Working Party felt that it would be useful if extracts of the principal legislative or administrative measures annexed to the report could be made available to the contracting parties in at least one of the official languages.

29. It was also suggested that it would be useful for contracting parties to receive as quickly as possible reliable information on changes made in tariff and other regulations regarding coal and steel products. It appeared to the Working Party that the Executive Secretary might discuss this point with the appropriate authorities of the Community as well as the suggestions set forth in the preceding paragraph.

30. Finally, the Working Party considered the structure of the note prepared by the Executive Secretary and came to the conclusion that a similar note should be prepared next year in order to facilitate the examination of the second annual report.

V. CONCLUSIONS

31. The Working Party is of the opinion that the examination of the first annual report of the member States has led to fruitful results. It enabled the representatives of third countries to obtain valuable information which was not available through other channels and it offered those representatives a useful opportunity for engaging in a general "tour d'horizon" with the representatives of the European Coal and Steel Community. The friendly exchange of views which has taken place and which, in some respects, represents a new departure in the work of the CONTRACTING PARTIES will no doubt contribute to a better understanding of the problems which the Community and the other contracting parties have to face and facilitate the working out of satisfactory solutions.

32. In conclusion, the Working Party RECOMMENDS to the CONTRACTING PARTIES:

- (a) to take note of the First Annual Report of the member States and the additional information annexed to this report;
- (b) to take note of the assurances given by the representatives of the member States and the Observer of the High Authority that they intend to initiate as soon as possible negotiations with other contracting parties on their economic and trading relations in respect of coal and steel, and to express the hope that the necessary arrangements will be made to ensure that those negotiations will be completed by 1 May 1954;
- (c) to take note of the assurance given by the High Authority that it will take every measure in its power to ensure that equitable prices are charged in markets outside the Community and that no arrangement or combination between producers shall impair the value of that undertaking, and to express the hope that the High Authority will see its way to make public - or at least to communicate to contracting parties concerned - the results of the examination it is conducting at this time of producers' agreements as well as the remedial measures it may decide in so far as those results or measures relate to the undertakings set forth in the preamble of the Decision of 10 November 1952.
- (d) to instruct the Executive Secretary to prepare a note along the lines of document L/143 in advance of the Ninth Session and to discuss with the member States and the High Authority the desirability of adopting practical arrangements for the translation into the official languages and the circulation of extracts of the principal legislative and administrative measures relating to the application of the Decision of 10 November 1952.

ANNEX

Additional Information Submitted by the Representatives
of the Member States and the Observer of the High
Authority in response to Requests made
in the Working Party

I. Negotiations

QUESTION (a): Information is asked about the plans of the member States regarding negotiations envisaged under Section 14 of the Convention. What form will the negotiations take, what scope will they have, when will they take place, will they take place with one or with several countries simultaneously?

QUESTION (b): Will such negotiations be carried out under the auspices of the High Authority on behalf of the member States?

ANSWERS:

The Community confirms its intention of initiating negotiations, consistent with Section 14 of the Convention on Transitional Provisions, with third parties and, in particular, with the British Government, on economic and trading relations as a whole, in respect of coal and steel. These negotiations will be conducted by the High Authority in its capacity as joint representative of the six member States, and on directives received from the Council of Ministers unanimously.

The Community intends as soon as possible to initiate negotiations with third countries as stipulated in Section 14, and trusts that substantial results will be achieved by 1 May 1954.

Referring to the questions raised with regard to the form and scope of these negotiations and the point as to whether these negotiations will be held with only one country, or with several countries simultaneously, detailed information can be supplied only after the conclusion of the examination of the question now in progress.

II. Tariffs

QUESTION (a): Are the tariffs of member States, resulting from the measures taken so far, to be considered as a provisional form of the harmonized tariff? If so, are the present tariffs considered to be lower and less restrictive than those which obtained before the common market was introduced?

QUESTION (b): It is understood that customs duties on imports of coal and steel into member States are going to be harmonized at a level lower and less restrictive than the duties now in force. If not, will it be possible for any member State further to reduce duties on imports from third countries?

ANSWERS:

First of all, coal should be considered separately from steel in answering these questions since coal is importable free of duty into all member States with the exception of coke into Italy. As regards the harmonization of duties, the answer can be found in Section 15 of the Transitional Convention of the Treaty. According to this, the final stage in the process of harmonization will have as a basis the present tariff level of Benelux countries which is considerably lower than that of other member States, increased by two points at most. It should be observed that Section 30 of the Convention authorizes Italy provisionally to stay outside the common market.

There still remains to be examined the situation in the five other member States. As is known, the Treaty authorizes the Benelux countries to apply to imports from third countries intended for their own markets, within the scope of the tariff quotas, the duties which were applied at the time the Treaty came into force. Imports in excess of these quotas are subject to duties equivalent to the lowest which are in force in the other member States, i.e. France and Germany. The French Tariff has turned out in nearly all cases to be the least protectionist, and the Federal Republic of Germany has decided to lower their duties to correspond to those of France. A provisional measure of harmonization has thus been achieved as between the extra-quota tariff of the Benelux and the tariffs of the two other member States.

It should be pointed out that the adjustment of the German duties represents a unilateral decrease of about 30 per cent in comparison with the former duties contained in the tariff.

As said above, the definitive harmonization as foreseen in the Treaty will be accomplished at a level which is markedly lower than that of the provisional harmonization.

QUESTION (c): Is the intention of the member States and of the High Authority to prolong or to give a permanent status to the temporary tariff quota arrangements now in force or should the present tariff level be considered as provisional only?

ANSWER:

As regards the tariff quota in force in the Federal Republic of Germany on products specified in the Treaty and coming within the common market, the measure taken consists of an autonomous regulation covering the period until 31 August 1954. This is, however, subject to modifications which may be found necessary in view of special circumstances which cannot at present be foreseen.

QUESTION (d): Are duties applied to imports from third countries to be bound as other duties reduced under the GATT rules, or will the member States reserve the right to modify them in agreement with the High Authority?

ANSWER:

No provision of the Treaty or of the Convention prevents the binding of duties resulting from the negotiations in accordance with Section 14 of the Convention or the incorporation of such duties in the Schedules of the General Agreement. Since, however, neither the Treaty establishing the European Coal and Steel Community, nor the Convention relative to the Transitional Provisions, nor the decision of the CONTRACTING PARTIES of 10 November 1952 contain provisions with regard to a possible binding of customs duties which would result from negotiations with third countries, the question of a binding of such customs rights must be one of the actual subjects for negotiations stipulated under Section 14 of the Convention.

QUESTION (e): Will the Italian duties on imports from third countries be reduced at the same time and in the same proportion as duties on imports from member States?

ANSWER:

The Italian Government, in agreement with the High Authority of the Community, have established customs duties on steel products from member countries valid until 1 May 1955.

Simultaneously, the Italian Government and the High Authority confirmed the following: "It is agreed that duties on steel from third countries remain fixed at the level established under the Annecy Protocol, unless approval is previously sought from the High Authority". (Letter from the High Authority to the Italian Government on 6 July 1953, and answer from the Italian Government of the 18 July).

The Italian Government sees no possibility of envisaging a reduction of the duties concerned vis-à-vis third countries, before expiry of the above-mentioned time limit.

As regards the possible position after 1 May 1955, the Italian view is that a discussion today would be premature. On the other hand, such a discussion might be held when the second report of the member States of the Community to the CONTRACTING PARTIES is considered, i.e. during the Ninth Session.

III. Export of scrap

- QUESTION (a): Have the export restrictions on scrap been applied in order to meet the supply position in the Community? What other criteria are used, if any?
- QUESTION (b): Of what nature are the recommendations made by the High Authority to the member States?
- QUESTION (c): On what basis are the exports of scrap allocated?
- QUESTION (d): When global quotas were fixed for the member States, did those States pay due regard to the established needs of each third country for this commodity?
- QUESTION (e): Has the rule of non-discrimination as between third countries been strictly observed by the member States?

ANSWERS:

Attention should first of all be drawn to the fact that the market for scrap for many years has been characterized by a demand which in general has exceeded the available supply, not only within the Community, but also in certain other countries. This difficulty has led the countries which now form the Community to take measures with a view to meeting the requirements of their own steel industries.

After the establishment of the Community, the previous difficulties in the different countries to ensure an adequate supply of scrap have continued also in the common market, and it has consequently been found necessary to maintain a policy, ensuring the satisfaction of requirements, while at the same time avoiding conferring upon these exports a more restrictive character than before.

Under these circumstances, an exchange of views based on the provisions of Article 57 of the Treaty took place between the Governments of the member States and the High Authority. In the course of these discussions, the need for maintaining restrictions as regards exports of scrap was unanimously recognized. Since in the meantime

there has been a more favourable development on the scrap market, the High Authority expressed the view that exports could be eased for certain qualities. The establishment of the common market has not brought about any element of discrimination in the exports of scrap as between different countries of destination.

The question has also been raised, when third countries would be informed about future measures to be taken regarding scrap exports. It is therefore relevant to observe that, the market being to such a large extent speculative, it would in practice be very difficult to announce such measures in advance, as this would involve the risk of rendering them ineffective.

IV. Export Prices, Cartels and Price Agreements

QUESTION (a): Will the High Authority be able to submit to the CONTRACTING PARTIES a general survey of the export prices charged by the producers within the Community since the common market was established? These prices should be compared:

- (i) with the prices charged on the same products in the time before the common market was established, for example in the last year before that date;
- (ii) with the prices which the producers charge on the common market;
- (iii) with the prices charged by competing producers in other countries.

QUESTION (b): Have producers in member States concluded agreements with regard to prices on exports to third countries?

QUESTION (c): If so, has the High Authority any knowledge of such agreements and can these be made available to the CONTRACTING PARTIES?

QUESTION (d): Is it considered that such agreements are likely to have harmful effects on the interests of third countries? Does the Community consider the prices now charged to outside countries equitable?

QUESTION (e): To what extent and to what objectives are the High Authority or the member States prepared in the future to exercise control over producers' arrangements affecting third markets?

QUESTION (f): What are the views of the High Authority regarding the practice of differential prices for different export markets?

ANSWERS:

As regards the differential prices applied on different export markets, it should be noted that this question might arise independently of the existence or non-existence of an agreement between producers on export prices, and that a disparity of levels may be necessary to render the prices on delivery competitive on certain foreign markets.

Regarding the point as to whether the prices applied for exports are fair or not in present circumstances, consideration of price statistics will show that these prices have followed the general downward trend since June 1951; they are practically equal to the prices applied in the Community; lastly, for commercial rolled products, beams and wire, they are, on an average, lower than the prices applied on the United States home market.

The High Authority had heard, at one time, of an agreement between steel producers of the Community on the prices applied for exports to third countries. It reached the conclusion that the agreement, in its original form, did not require any action on its part.

Further information reached the High Authority at the end of September. This information relates to a reinforcement of the agreement.

The question is of concern to the High Authority which is anxious to avoid both possible damage to third countries, and repercussions within the Community which would run counter to the objectives of the Treaty. The High Authority is at present studying this problem, and is endeavouring to ascertain whether the agreements concerned are or are not consistent with the Treaty.

Assurance had been given that if the agreements were not consistent with the Treaty, the High Authority would not hesitate to take every step in its power.

(Summary of the oral statement delivered in the Working Party by the Observer of the High Authority.)

V. Particular Questions

QUESTION 1. Do the reduced duty rates introduced by Germany apply to all countries or only to those with which Germany has negotiated?

ANSWER:

The reduced duty rates introduced in Germany are being applied to third countries without exception. For steel a tariff quota has been fixed of 120,000 tons monthly which is global and thus not allocated as between individual supplying countries.

QUESTION 2. On what basis are the Benelux tariff quotas being determined?

ANSWER:

The Benelux Tariff quotas are determined in agreement with the High Authority on the basis of the highest level of imports in the years 1951-52. It should be underlined that these tariff quotas are indicative and do not limit the power to exceed them if that is found necessary. According to the procedure established, the High Authority should simply be notified if the quotas are going to be exceeded, in accordance with the rules set out in Section 15 of the Transitional Convention of the Treaty. In this way, the tariff quota on steel sheets ("tôles", position 707 in the tariff), which was fixed at 10,000 metric tons for the B.L.E.U. , within the allocation made between the Benelux countries on the basis of a global quota of 51,000 tons, has been increased to 20,000 tons without the quota of the Netherlands having been thereby reduced (Government Decree of 25 August 1953 and Moniteur Belge, 27 August, 1953, No. 239, Appendix II Doc. I/120).

QUESTION 3. Do France and Italy apply quantitative restrictions against imports of steel from third countries?

ANSWERS:

When the common market was opened, steel remained subject to import restrictions in France like all other commodities. The import restrictions on steel are the result of the currency-saving policy of the country, necessitated by the heavy deficit in her balance of payments. Thus there are now in France, as regards commercial steel, a dual system of import duties and quantitative restrictions; those duties have, however, no protectionist purpose; the re-introduction of duties at the opening of the common market should be considered as simply a measure for the sake of order, which in France, as in other countries of the Community, has been applied pending the harmonization of tariffs according to the Treaty.

It should be noted, that the question raised is somewhat theoretical since France is not an import market for commercial steel. The very small imports there are consist of a few special products, for which the suspension of duties has been maintained.

Italy maintains a system of import licences on steel which, however, does not affect imports from EPU countries. As regards imports from other countries, licences are issued within the quotas envisaged in the trade agreements. Concerning those countries with which no agreements have been concluded, licences are considered in each case, due regard being paid to necessity and availability of currency.